

MINISTERIAL ENGAGEMENT BRIEFING: DEREK MACKAY

Engagement title	Scottish Government business engagement dinner	
Engagement timings	Wednesday 11 September 2019 1900-1930 – pre-dinner networking with drinks 1930-2130 – 3 course dinner 2130 – departure	
Organisation	N/A – meeting initiated by Scottish Government	
Venue and full address	The Royal Scots Club	29-31 Abercromby Place Edinburgh EH3 6QE
MACCS reference	N/A	
Background/Purpose (including invitation history)	<p>This is the second in a series of dinners with business leaders. This dinner is focussed on financial services businesses in Edinburgh</p> <p>The purpose of the dinner is to:</p> <ul style="list-style-type: none"> • Communicate Scottish Government’s vision for Scotland’s future economy and discuss how to achieve it, in partnership with businesses where possible; • Test and inform upcoming policy developments such as Programme for Government or the refresh of the Economic Action Plan; and, • Understand the long term plans of the companies, strategic opportunities and challenges, and their views on economic context. 	
Relevance to core script	Scottish Government works to drive sustainable and inclusive economic growth, working in partnership with businesses. Scottish Government regularly engages with businesses to co-create economic policy.	
Meeting attendees	<p><u>Businesses</u> Stephanie Bruce, CFO, Standard Life Aberdeen plc Claire Reid, Regional Leader in Scotland / Partner, PwC Andrew Telfer, Senior Partner, Baillie Gifford Adrian Durham, Group CEO, FNZ Anthony Rafferty, Managing Director, Origo Helen Page, Group Brand and Marketing Director, CYBG Philip Grant, Chairman of LBG’s Scottish Executive Committee, Lloyds Banking Group (LBG) Malcolm Buchanan, Chair of Scotland Board and MD Corporate and Commercial Bank in Scotland, RBS</p> <p><u>Officials</u> Sam Anson, Head of the Economic Policy and Capability Division, Scottish Government Steve Dunlop, CEO, Scottish Enterprise Stewart Maxell, Special Advisor, Scottish Government</p>	
Supplementary information	This is under the Chatham House Rule	

	<p>For awareness, you are the guest speaker at the Scottish Financial Technology Awards (25 September). A number of attendees are finalists:</p> <ul style="list-style-type: none"> • Customer Impact Award – LBG • Product Innovation Award – RBS • Leader of the Year Award – Derek Smith (LBG) and Andrew Wykes (LBG)) • Financial Services Company of the Year Award – LBG and RBS • Best Fintech Collaboration Award – LBG and Origo • Information Security Award – Origo and RBS
<p>Twitter handles of main representatives and organisations</p>	<p>Annex A: Programme and Steering Brief Annex B: Biographies and photos of business attendees Annex C: Logistical details, map and Google Street View of venue Annex D: Supporting facts and figures on the economy Annex E: Programme for Government highlights Annex F: Key facts on Scotland's Financial Services Sector Annex G: Financial Services and Brexit Annex H: FinTech in Scotland Annex I: Financial Services Skills Development</p>
<p>Official support:</p>	<p>Sam Anson [REDACTED] [REDACTED] [REDACTED]</p>

PROGRAMME AND STEERING BRIEF

Format

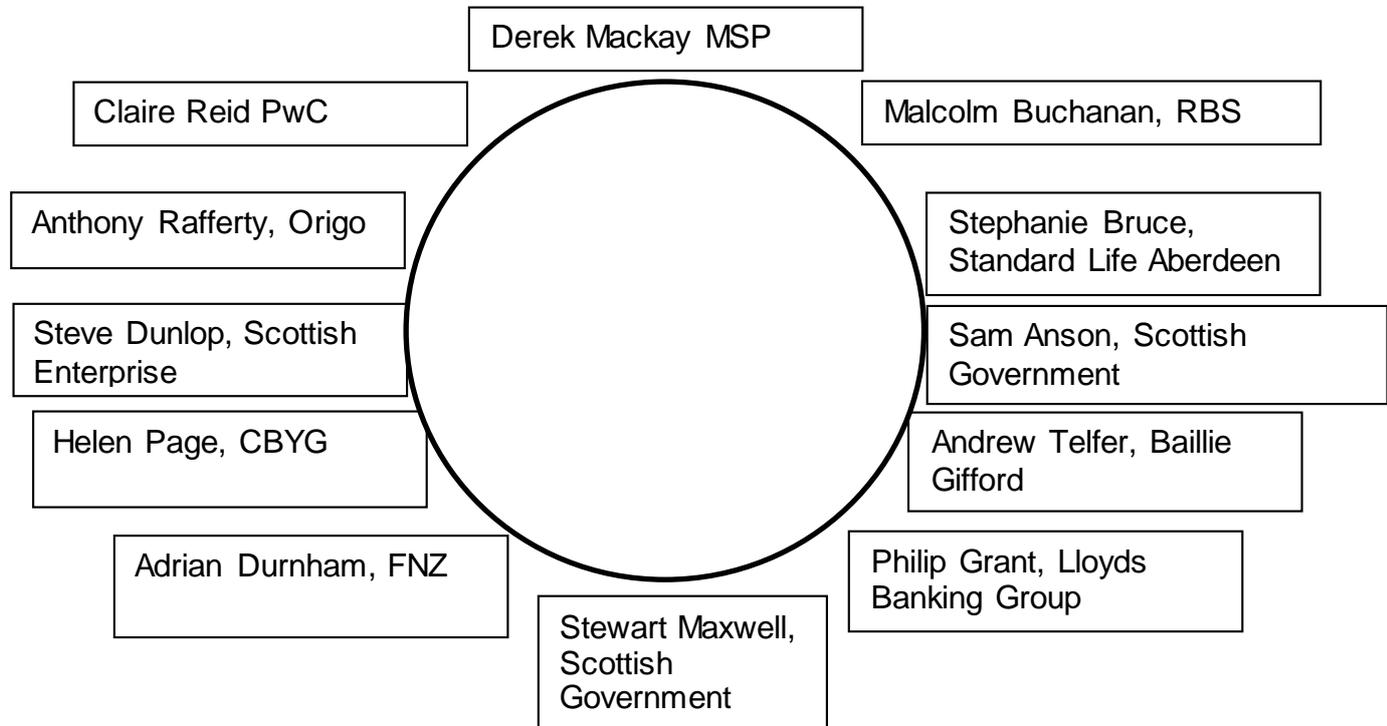
As we expect 12 attendees it should be possible to manage this as a roundtable discussion. You will be chairing/leading the meeting.

Steering brief

Timing	Item	Purpose and steering brief
1900-1930	Pre-dinner networking with drinks	This is an opportunity for guests to meet and circulate prior to sitting down for dinner.
First course	Understanding business opportunities and challenges	In order to help the attendees settle and ensure everyone gets a chance to speak early doors please ask <u>business attendees</u> to introduce themselves and to give a quick overview of their business operations in Scotland and the top strategic challenges and opportunities they face (as a business) in the coming years.
Second course	Vision and partnership	<p>Please describe your vision for sustainable, inclusive economic growth and ask for reflections</p> <p>Questions you may wish to pose to the group:</p> <ul style="list-style-type: none"> • What is the role of the FS sector in addressing inclusive economic growth? • What can Scottish Government do to maximise the specialisms of the Scottish FS sector? (According to The City UK, Scotland 'has particular strengths in banking, life assurance and pensions. It is a renowned centre of excellence in investment management, data science and has a rapidly growing FinTech community) • How can / should regulation develop to facilitate international growth of the sector? • Many FS companies are well engaged with Scottish Financial Enterprise (SfE) or FiSAB – what more (if anything) is needed to facilitate partnership between the sector and Scottish Government?
Dessert and coffee	Policy developments	<p>Please describe the key themes in the Programme for Government and your plans for refreshing the Economic Action Plan and early thinking on Budget. Please invite reflections</p> <p>Questions you may wish to pose the group:</p> <ul style="list-style-type: none"> • What would you like to see in the FDI Growth Plan? • What is the role of FS in Global Climate Emergency? • What is an acceptable level of deviation between the UK and Scottish tax systems, from your perspective? • How have you prepared for No-Deal Brexit? What else can Government do between now and 31 October? • The Future Skills Action Plan published on 3 September – do you have any skills challenges that are impacting on growth? How are you responding to emerging technologies?

2115	Close	At around 2115 draw the dinner to a close. You may wish to go around the table and ask <u>everyone</u> what they will take away from this meeting (either an action, contact or something to mull on). Please also contribute your thoughts on this. Please thank everyone for attending.
2130	Departure	

Table plan



Menu

Starter: baked potato and gruyere cheese soup with crispy black paper potato skins (V & GF)

Main: roast lion of farm assured pork with a leek and apricot stuffing, crackling, calvados sauce and seasonable vegetables

Dessert: milk chocolate mousse with a cookie crumble and salted caramel sauce (V)

Coffee & dinner mints

BIOGRAPHIES AND PHOTOS OF BUSINESS ATTENDEES

Stephanie Bruce, CFO, Standard Life Aberdeen plc

Stephanie Bruce was appointed Director and Chief Financial Officer of Standard Life Aberdeen plc in 2019.

Before joining Standard Life Aberdeen, Stephanie was a partner at PwC, leading the Financial Services Assurance practice in the UK. Stephanie joined Price Waterhouse in 1990, qualified as a chartered accountant in 1993 and joined the PwC partnership in 2002. During her career she has focused on advising organisations across the industry, with both national and international operations.



Stephanie is a member of the Council for the Institute of Chartered Accountants of Scotland and Chair of its Audit Committee.

Claire Reid, Regional Leader in Scotland / Partner, PwC

Claire is the Regional Leader in Scotland, overseeing the firm's assurance, deals, consulting and tax businesses.

She's been with PwC for 20 years, working in the US and London (where she spent 10 years working with FTSE100 businesses), and her career has spanned leading a number of technology businesses (including cyber security). She has extensive experience in leading clients through digital transformations (including ERP and cloud implementations), cyber and information security and IT assurance programmes. She loves complex technology challenges and enjoys

helping her clients navigate through these. She spends time with senior business leaders and boards to ensure they are managing new and emerging risks, and comes up with strategies and plans to support them.

She is a member of the CBI Council for Scotland and actively mentors other females through the Scottish Females Mentoring scheme. She was also named one of the Top 20 Women to Watch by Scottish Business Insider last year.

She balances her role as a Partner with being a mum to three children.

Andrew Telfer, Senior Partner, Baillie Gifford

Andrew Telfer became Joint Senior Partner of Baillie Gifford & Co in May 2012. He joined the firm in 1992, working primarily as an investor in the Emerging Markets Team until he moved to the Clients Department in 2006. Originally from Aberdeen, Andrew graduated BA in Engineering Sciences from the University of Oxford in 1988 and is a qualified Chartered Accountant. He is a member of the Prime Minister's Financial and Professional Services' Business Council and the Advisory Council of the Investment Association.





Adrian Durham, Group CEO, FNZ

Adrian is the founder and CEO of FNZ and has overseen the development of the company since it started in 2004.

FNZ is a global financial services platform, transforming investment and retirement outcomes for all people. It partners with banks, insurers, asset and wealth managers in 12 countries, to help consumers better achieve their financial goals, through state-of-the-art technology, transaction and custody services.

Through its global platform, FNZ is responsible for over £400 billion in savings and retirement assets for around 7 million consumers.

Prior to founding FNZ, he worked as an equity analyst for what at the time was Credit Suisse NZ now First NZ Capital.

Adrian has a BSc (Hons 1st Class) in physics and mathematics, and a BMus in performance piano, both from Victoria University Wellington.

Anthony Rafferty, Managing Director, Origo

Anthony Rafferty is the Managing Director of Origo, the fintech company in successful operation for 30 years, dedicated to delivering improved operational efficiencies, lowering costs for market participants and improving outcomes for consumers. Key services include, Unipass Identity used by 8 in 10 financial advisers and the industry's pensions and ISA Transfer Service. Origo is also heavily involved in the Pension Dashboard initiative, specifically the technical architecture and development of the Pension Finder Service.

Before joining Origo, Anthony held a number of senior roles in the life, pensions and investments industry where he developed a passion for wanting consumers in the UK to be more engaged with their financial futures and to make this easier to deliver and manage for the industry. Anthony returned to Scotland in January 2018 and has been impressed with the changes in the Financial Services market.



Helen Page, Group Brand and Marketing Director, CYBG



Helen joined CYBG in December 2012 with the specific remit to reinvigorate and relaunch the Clydesdale and Yorkshire Bank brands. In 2016 she developed and launched the innovative and award-winning digital banking service B which has become the primary acquisition product for the combined group. Following the successful acquisition of Virgin Money in 2018, Helen has now assumed Brand, Marketing and Customer Experience responsibilities for all brands.

Helen has more than 25 years' experience in Marketing, Innovation, and new product development. Over 15 years of those have been spent in Financial Services. Prior to joining CYBG, Helen spent eight years at RBS in a number of roles. She became Managing Director for Marketing and Innovation and held responsibility for all UK brands across the Retail, Commercial and Corporate divisions. Helen was also Head of Brand Marketing at Argos, where she relaunched the catalogue as a retailer. Prior to Argos, Helen held a number of product and marketing roles at Abbey (now Santander), where she became Head of Marketing. She also has experience in research, consultancy and central government roles. Helen has a degree in Economics, Development and Planning and holds a Diploma in Marketing from the Chartered Institute of Marketing.

Philip Grant, Chairman of LBG's Scottish Executive Committee, Lloyds Banking Group (LBG)

Philip is Chair of the Scottish Executive Committee of Lloyds Banking Group and responsible for the Group across Scotland. This is in addition to his role as Managing Director of Customer & Business Risk of the Insurance & Wealth Division of LBG that includes Scottish Widows.



Philip is Chair of the Scottish Financial Enterprise and Co-Chair of the First Minister's Advisory Board on Financial Services, Council Member of CBI Scotland, Chair of the Board of the Bank of Scotland Foundation and a Past President of the Chartered Bankers Institute.

Philip was educated in the West of Scotland, prior to joining Bank of Scotland. Having spent nine years in a range of retail banking roles, he completed a full time MBA at the University of Strathclyde, sponsored by the Bank.

His career then progressed through various leadership roles in Corporate and Retail Banking.

Malcolm Buchanan, Chair of Scotland Board and MD Corporate and Commercial Bank in Scotland, RBS



Malcolm Buchanan is Chairman, Scotland for the Royal Bank of Scotland, and the bank's Managing Director for Corporate & Commercial Banking, responsible for serving the banking needs of some of Scotland's largest companies. He chairs the bank's Scotland Board, which brings together the bank's Scottish businesses which collectively serve almost 2 million customers, ranging from individuals and small businesses to some of Scotland's best known companies.

Raised in Lanarkshire and educated at Braidhurst High School in Motherwell, Malcolm joined Clydesdale Bank in Glasgow in 1984 before moving to NatWest in 1998 and Royal Bank of Scotland in 2000. Malcolm completed his Chartered Banker qualifications with the Chartered Institute of Bankers in Scotland in 1987 and in 1998 completed an MBA (Dist) at Edinburgh Business School.

Malcolm's early career was in retail/branch banking and subsequently he has built up almost 25 years of experience in various corporate and commercial banking roles in Scotland, Manchester and London. Malcolm has led teams looking after small, medium and large companies as well as real estate investors/developers and financial institutions. Allied to customer facing experience, Malcolm has also led teams specialising in risk and product management. Malcolm represents the bank on the Scottish Government's Financial Services Advisory Board and the CBI Scotland Council.

The three individuals highlighted are members of FiSAB (Financial Services Advisory Board) with Philip Grant being the co-Chair (alongside First Minister)

LOGISTICAL DETAILS, MAP AND GOOGLE STREET VIEW OF VENUELogistical detail

On arrival please ask for the Scottish Government dinner. The dinner will take place in the **Douglas Suite**.

Maps

Map – [click here](#)

Google Street View of Venue

SUPPORTING FACTS AND FIGURES ON SCOTLAND'S ECONOMY

Latest economic data shows the strength of Scotland's economy.

- Scotland's economy is growing, employment is at a near record high, exports are growing faster than anywhere else in the UK and productivity is increasing.
- **In Q1 2019**, Scotland's economy grew by **0.6%**, marginally above the UK (**0.5%**).
- Scotland's labour market is performing strongly with near record high **employment** (75.4%) and near record low **unemployment** (3.6%).
- Over the past year the number of **people in employment** has risen by **17,000**.
- In **Q1 2019**, Scotland's productivity grew 1.1% over the year compared to a fall of **0.2% in the UK**.
- Since **2007 productivity** in Scotland has grown at an average annual rate of 1.0% per year, compared to the UK average of 0.2%.
- Export data from HMRC shows **Scottish exports** of goods **increased by 12.9% in the year ending March 2019**, faster than any other UK nation.
- **Business R&D spend** in Scotland increased **13.9% in 2017** to reach a record **£1.25 billion**. In the UK as a whole spend increased by only 2.9%.
- EY Attractiveness Survey shows that **Scotland** was the **top UK region** for foreign direct investment (**FDI**) **projects outside of London in 2018**.

National Performance Framework

- The NPF provides a framework for collaboration across the whole spectrum of Scotland's civic society, including public and private sectors, voluntary organisations, businesses and communities.
- It is based on delivering 11 National Outcomes that improve the quality of life for the people of Scotland. Progress is measured through 81 National Indicators.
- The UN Sustainable Development Goals (SDGs) have been integrated alongside the National Outcomes for the first time. Delivering the SDGs by 2030 will require an all of Scotland effort and the Scottish Government is working to support the role of businesses as active partners in this endeavour
- The Scottish Government is keen to support business and industry to adopt the NPF as a shared platform for collaboration and a springboard to instigate transformational changes in our society.
- We see business and industry as working with other partner organisations in both the public and private sectors to deliver multiple Outcomes, including economy, environment, education and skills.

Economic Action Plan

- Our Economic Action Plan focuses on key actions that enhance our economic support to business, places and people across Scotland.
- Those actions reflect a focus on delivering a vibrant, inclusive and sustainable economy. And we will do this through enabling a competitive business environment, a highly skilled workforce, and radical action to benefit every business and individual in Scotland.

Climate Emergency

- We have acted immediately with amendments to our Climate Change Bill to set a net-zero target for 2045 and increase the targets for 2030 [to 70%] and 2040 [to 90% - equivalent to carbon neutrality, or net-zero CO2].
- Our high ambition will be matched by on-the-ground delivery. We will update the Climate Change Plan within 6 months of the Bill receiving Royal Assent.
- We are now looking across our whole range of responsibilities to make sure we continue with the policies that are working and identify areas where we can go further, faster.
- We have already announced new and ambitious action on deposit return, agriculture and renewables and a change in our policy on Air Departure Tax.

Scottish National Investment Bank

- The Bank has the potential to transform Scotland's economy, providing patient and growth capital for businesses and important projects to catalyse private sector investment
- SG has committed to providing £2 billion over 10 years to capitalise the Bank.

- The Bank will build on the success of operations and initiatives currently underway. It will align with and compliment activity by the Enterprise Agencies and where appropriate will consolidate and streamline the financing activities of Scottish Government and its agencies.

Future Skills Action Plan

- Phase One of the Future Skills Action Plan was published on 3 September 2019, with themes for change across the skills system: agility and responsiveness; upskilling and retraining; financial sustainability; and, Learner Journey Review.
- Phase Two will focus on engagement to develop an initial set of propositions to be tested at the National Economic Forum in December 2019.
- The vision is: *Scotland's highly skilled workforce ensures we are an ambitious, productive and competitive nation. Scotland's skills system will be the foundation on which we will deliver these ambitions, supporting our people through-out their working lives, and empowering our business to take advantage of future opportunities. A culture of shared investment in Scotland's future workforce will unlock the potential of our people and businesses and deliver inclusive growth.*

PROGRAMME FOR GOVERNMENT 2019-20

This year's Programme for Government focuses on ending Scotland's contribution to climate change and securing a positive future for generations to come.

- In response to the climate emergency, this Programme for Government commits Scotland to achieving net zero greenhouse gas emissions by 2045 at the latest – earlier than any other UK nation
- It puts health, prosperity and wellbeing at its heart, and will reinforce Scotland's place as a dynamic, open, innovative economy
- It sets out our ambition to create a successful, fair and green economy; to improve outcomes through our public services; and to support communities where everyone is valued, protected and respected
- It outlines our continuing work to plan for the possibility of a 'no deal' Brexit and to mitigate the impact on families, communities and business across the country.

Through the Programme for Government we will:

- Launch a 'Green New Deal', harnessing the power of the Scottish National Investment Bank, a £3 billion Green Investment Portfolio and a Green Growth Accelerator – what the Climate Change Emergency Response Group (CERG) has termed a 'Green City Deal' – to attract green finance to Scotland
- Invest over £500 million in improved bus priority infrastructure to tackle the impacts of congestion on bus services and raise bus usage
- Decarbonise Scotland's railways by 2035 and making the Highlands and Islands the world's first net zero aviation region by 2040
- Develop regulations so that new homes from 2024 must use renewable or low carbon heat
- Target a minimum of £30 million of support for renewable heat projects
- Bring forward the date for the first Scottish Child Payments to Christmas 2020
- Make the first Job Start Payments in spring 2020
- Announce the first wave of new or refurbished schools via our £1 billion school investment programme
- Provide £15 million of funding for more services and staff for additional support for learning
- Put in place a Women's Health Plan to tackle women's health inequalities
- Provide an additional £20 million of funding to help tackle the drugs emergency
- Continue to support mental health, with a 24/7 crisis support service for children and young people and their families, a community wellbeing service enabling self-referral for children and young people and a £5 million investment in a community perinatal mental health service across Scotland
- Take forward planning to mitigate the worst consequences of a 'no deal' Brexit

Our legislative Programme will promote fairness and wellbeing in our communities, address the global climate emergency and legislate for the conduct of future referendums

- The 14 bills we will introduce in the coming session are part of a much wider Programme to create a fairer, greener Scotland
- The Referendums Bill will go forward this year and the Scottish Government will ask, during the passage of the Bill, for the transfer of power to hold an independence referendum within this term of Parliament

KEY FACTS ON SCOTLAND'S FINANCIAL SERVICES SECTOR

Economic Contribution

Report by 4-consulting highlighted that “Edinburgh’s economy is more reliant on financial services than the London economy or any other UK city economy. Edinburgh’s share of financial services is markedly ahead of most large European cities. The latest available data from the Office for National Statistics (ONS) shows that financial services accounted for a higher share of Edinburgh’s national economy (23.8%) than London (18.9%) or any other city in the UK. This is measured by Gross Value Added (GVA) in 2014. Additional data published by Eurostat shows Edinburgh’s economy is more reliant on financial services than any other European city (for which data is available) apart from Luxembourg. (Eurostat data for some cities was only available for 2013)”

Employment

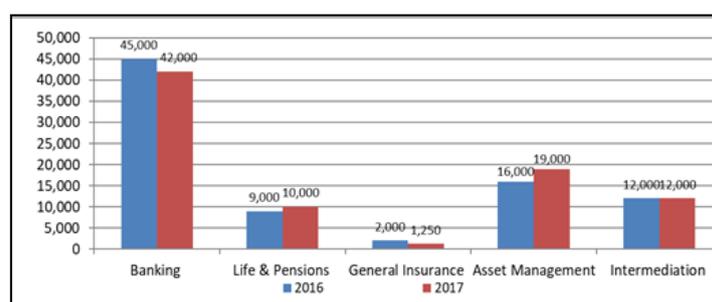
	Financial Services Employment		As a Proportion of Employment in All Sectors (%)	
	2016	2017	2016	2017
Scotland	83,000	84,000	3.2	3.2
GB	1,050,000	1,037,000	3.5	3.4

Financial Services Employment in Scotland by Sub-Sector:

	2016	2017
Banking	45000	42000
Life and Pensions	9000	10000
General Insurance	2000	1250
Asset Management	16000	19000
Intermediation	12000	12000

Overall, Scotland’s share of GB Financial Services employment was 8.1 per cent in 2017. This represents a small decrease from 7.9 per cent in 2016. The Life and Pensions sub-sector is particularly strong in Scotland, accounting for 27.8 per cent of total employment in this sub-sector in Great Britain as a whole.

Financial Services Employment. Share of GB Total by Sub-sector



Source: Business Register and Employment Survey, 2016

Firms in Scotland

Institutions **headquartered in other parts of the UK** have substantial operations and customers in Scotland - for example Barclays, HSBC and Santander. In recent years **new entrants** to the UK

banking sector, such as Tesco Bank, Virgin Money and Sainsbury's Bank, have all established a significant operational and headquarter presence in Scotland.

- **Asset management and servicing** - Six of the top ten asset servicing firms (in terms of worldwide assets under custody and administration) have operations in Scotland, including BNY Mellon, JP Morgan and State Street. Standard Life Aberdeen (SLA), AEGON Asset Management UK, Alliance Trust, Baillie Gifford and Co, First State Investments, and Scottish Widows Investment Partnership all have a significant presence in Scotland.
- Scottish Financial Enterprise estimate that the value of funds under management in Scotland is around £800 billion.
- **Life and pensions** - Over 26% of GB employment in the life and pensions sector is located in Scotland in firms including Standard Life Aberdeen, Scottish Widows, Aviva and Royal London.
- **General insurance** - a mature market with a long-established reputation and wealth of experience. A number of firms that provide services across the UK have operations located here, including Esure and Direct Line.

Contact: [REDACTED], ext. [REDACTED], mob. [REDACTED]

FINANCIAL SERVICES AND BREXIT

Issue

Scottish financial companies currently have full access to the EU single market. Under the terms of the Political Declaration this access is replaced by 3rd country treatment based on exiting equivalence frameworks. Membership of single market remains best option for financial sector to retain full access to EU markets.

UK Government Position and other Devolved Administrations

UK Government's Chequers proposals called for an 'enhanced equivalence'. The UK proposed that this new arrangement would "*maintain the economic benefits of cross-border provision of the most important international financial services traded between the UK and the EU – those that generate the greatest economies of scale and scope – while preserving regulatory and supervisory cooperation, and maintaining financial stability, market integrity and consumer protection.*"

It is not clear from the White Paper what parts of the financial sector might be considered to generate the greatest economies of scale and scope, and not clear whether any consideration has been given to the balance of financial services activity across the UK.

Further detail is required from UK Government on:

- whether it has considered the needs of Scotland's financial sector
- and what level of access it intends to negotiate for sectors important to Scotland including asset management and insurance.
- The economic implications of reduced access to the single market for financial services.

The UK Government also sought recognition of 'equivalence at outset', with the UK and EU starting with the same rulebook and 'entwined supervision' on exit, and initial reciprocal recognition agreed for all third country regimes. This position has been rejected by the EU.

EU Position

EU has rejected UK Government's Chequers proposal for an 'enhanced equivalence', instead the political declaration references established equivalence frameworks on both sides and proposes that assessments are made against those frameworks between exit and June 2020.

Implications for Scotland and Scottish Government Position

The deal as negotiated, and the UK's Chequers proposals do not offer the level of access currently available to Scottish financial services companies.

Companies are already taking contingency action to establish subsidiaries or branches in other EU member states to ensure levels of access to the EU market are maintained.

Limitations of Equivalence

Third countries outside of the EU single market are able to obtain access to the single market for some financial activities through a mechanism known as 'equivalence' based on the ability to demonstrate that their financial regulation matches the standards set by Europe. There are limitations to this mechanism:

- Equivalence does not, at present, cover all areas of financial services. There is no equivalence regime for cross-border trading in core areas of banking, such as lending or credit services, payments and deposit-taking.
- Where equivalence regimes are in place, they do not cover all types of activity.
- There could be issues with delays around being granted equivalence.
- Under existing rules, equivalence can be revoked unilaterally by the European supervising authority at any time, without obligation to consult.

- At present equivalence can be withdrawn with as little as 30 days notice. There is no reference to extension of this term in the political declaration.

The Political Declaration offers prospect of ‘transparency and appropriate consultation’ on the process of equivalence decisions, including withdrawal of equivalence, but gives no detail on what changes may be offered to exiting terms.

Industry position

Industry called for the UK and EU to agree:

- a framework for mutual recognition of regulatory regimes, going beyond the existing equivalence regimes
- continued close cooperation between the FCA/PRA, the European Supervisory Authorities and Member States’ competent authorities, as well as the Bank of England and the ECB.
- the ability to market and provide agreed services to existing and new customers, transact business with them, and manage their money efficiently
- acceptance of professional qualifications, practice rights, standards for regulated products and services and especially prudential regulation set by the relevant regimes
- non-discriminatory access to market infrastructure and free cross-border data flows.
- Miles Celic, CEO, TheCityUK referred to EU position re equivalence “*Equivalence in its current form was never designed to carry the weight of a UK/EU trade relationship.*”

Reaction to Political Declaration

Association of British Insurers (ABI) - Huw Evans, Director General,

“It is vital for our industry’s customers that we have an orderly withdrawal process and transition period and any progress towards that is welcome. Regulatory co-operation is very important and must follow from any political agreement. We are pleased to see today’s commitment to assessing equivalence as soon as possible. The crucial longer-term test is whether our future relationship with the European Union avoids our world-leading insurance & long-term savings sector becoming a rule-taker. It remains far too early to judge whether we will be able to avoid that fate.”

FINTECH IN SCOTLAND

- Programme for Government confirmed SG commitment to provide funding to establish new body to support Scottish FinTech sector – FinTech Scotland.
- Funding for FinTech Scotland will include contributions from Scottish Government and Scottish Enterprise totalling £250,000 over the two years (2017-19).

Scottish Government committed to development of Scotland's Fintech sector

- Funding for FinTech Scotland will include contributions from Scottish Government and Scottish Enterprise totalling **£250,000 over the two years 2017-19**.
- Scottish Government, Scottish Enterprise and University of Edinburgh jointly funded production of a business plan to clearly establish the work required to develop Scotland as a FinTech centre and to identify the funding requirements to support that programme.
- FinTech Scotland is now established and taking forward actions to support the FinTech sector in Scotland.
- **Stephen Ingledew**, took up the post as CEO of FinTech Scotland in January 2018 following a recruitment process led by Scottish Enterprise.
- **David Ferguson**, of Nucleus Financial, inaugural Chair of the FinTech Scotland Board. Ferguson was appointed by The Treasury in December 2016 as one of two regional fintech envoys (alongside **Louise Smith** of RBS) for Scotland with a remit for building regional and national networks which seek to ensure a greater level of co-ordination and collaboration between fintech companies, government, investors and regional fintech hubs.

FinTech Scotland will work to support Scotland's growing Fintech sector

- FinTech Scotland's ambitious vision and strategy to make Scotland a top five global fintech centre by 2020 that is recognised for data driven fintech innovation delivering positive social outcomes.
- FinTech Scotland aims to encourage data driven innovation and collaboration activity across Scotland to deliver inclusive growth and achieve critical mass in the sector by:
 - Facilitating an integrated and innovative fintech ecosystem across Scotland, building on established centers of financial and data expertise including Edinburgh, Glasgow and Dundee.
 - Supporting innovative and entrepreneurial purpose driven fintech enterprises
 - Encouraging development of fintech skills, diversity and inclusion
 - Developing fintech community engagement, inclusion and collaboration
 - Building international fintech engagement and collaboration

FinTech Scotland working with Strategic Partners

- FinTech Scotland has announced partnerships with global enterprises who have a strong presence in Scotland as well as being significant international leaders in their fields. The strategic partners will have a place on FinTech Scotland's board.:
 - **Deloitte**
 - **Pinsent Masons**
 - **Dentsu Aegis Network**
 - **Sopra Steria:**
 - **IBM**
 - **Equifax**
- On confirming the strategic partners, Stephen Ingledew said, *"It is a privilege to be working with such world-renowned organisations who are committed to supporting Scotland's fintech economy. Following many conversations with a range of large firms over recent months, these strategic partners demonstrated their commitment and market leadership which will support our aspirations and plans."*

Scotland internationally recognised as centre for Fintech

- In April 2017 the Global FinTech Hub Federation (GFHF) ranked Edinburgh as joint 15th in a review of 44 international centres.
- FinTech Scotland's stated aim is to see Scotland recognised as a top five centre by 2020.

Scotland has an established critical mass in both financial services and software/technology

- The financial services sector in Scotland employs over 84,000 people directly
- The technology industry employs more than 70,000 people in Scotland.
- Scotland has a software and digital technology cluster made up of 1,000+ companies from innovative home-grown companies such as Skyscanner, FanDuel and Wolfson Microelectronics to large multinationals such as Oracle, HP, Amazon and IBM.
- Global companies with specific financial technology operations in Scotland include: RBS, JP Morgan, HSBC, Morgan Stanley, Avaloq and Standard Life. FinTech "start-ups" include TopQ, MiCard, and Money Dashboard.
- January 2018 – announcement that London based company Previser will create 37 data science jobs in Glasgow following an £800,000 grant from Scottish Enterprise to develop artificial intelligence technology to address the problem of late payments for small firms.

Academic expertise and graduate pipeline in technology and financial services

- In 2017-18 there were 66,525 students studying 'Business & Administrative Studies', 'Computer Science' or 'Engineering & Technology' at Higher Education Institutions in Scotland, with 23,245 graduating in that year.
- Across Scotland there are a number of specialised Finance, Banking and Risk Management courses available. 9 Universities in Scotland provide more than 50 specialist University Finance Courses (mostly at postgraduate level). The University of Strathclyde now offers a dedicated Masters degree in FinTech, with University of Stirling offering a Masters degree in Big Data.
- At least 10 Universities in Scotland offer Computer Science degrees. Scotland also has significant expertise in the area of cyber security.

Scottish Enterprise is supporting the establishment of FinTech Scotland

SE has played a fundamental and pivotal role in the co-ordination and facilitation of industry, academia and government to successfully develop an industry-led Action Plan and Business Plan for Fintech Scotland.

Next Steps

- FinTech Scotland developing strategy for next stage of operation from 2020
- Developing operational and funding model, retaining emphasis on cross-sector collaboration.

[REDACTED], Financial Services & Fintech Policy,ext [REDACTED]

FINANCIAL SERVICES SKILLS DEVELOPMENT

From our business engagement analysis we are aware of concerns from financial services firms about skills gaps (particularly data and digital). This is also a focus of the FiSAB Skills Group. Technical skills required by financial services firms are evolving faster than roles can be filled. The below is an update from Skills Development Scotland summarising current work with the sector on skills.

Skills Planning (updated August 2019)

Underpinning all our programmes and services is our Skills Planning offer. We work in partnership with a diverse range of stakeholders to help understand and articulate the needs of industry and employers within the Scottish economy, and build a robust evidence base to support skills investment planning (SIP). SDS has sector managers who work with industry at a strategic level to articulate skills needs in skills investment plans. There are SIPs for [Financial Services](#) and [Digital Technologies](#).

The Financial Services SIP has an action plan which is led by the Financial Services Advisory Board (FiSAB) Skills Group. At its meeting in September 2018 FiSAB took a decision to review and reconfigure the governance structure relating to skills in order to deliver on the skills ambitions in the new industry strategy. A new Skills & Talent Group was set up, chaired by a FiSAB member from Royal Bank of Scotland. The Skills & Talent group has set up six industry-led workstreams to deliver skills actions:

- Schools (led by HSBC)
- Apprenticeships and work-based learning (led by KPMG)
- Colleges (led by Barclays)
- Universities (led by EY)
- Business Schools Forum (led by Lloyds Banking Group)
- Re-skilling (led by Tesco Bank)

These pathway-themed workstreams are supported by two other pieces of cross-cutting work:

- Strategic forecasting, which aims to provide a sustainable methodology for forecasting the industry's skills needs. This is led by industry (EY) and, supported by SDS, will produce an annual skills demand statement which will underpin skills actions and investment
- Regional hubs which are 'operationalising' FiSAB skills actions within a given geographical footprint. Facilitated by SDS, led by an industry chair and comprising industry members and supply-side partners the hubs co-design provision to meet local need. The Glasgow Hub was established in Q1 2019/20 with its first deliverable being a 6-week work readiness course, co-delivered by City of Glasgow College and industry, linked to demand driven by the Barclays expansion. The course completed in July with 13 'graduates'. An Edinburgh Hub is due to have its inaugural meeting in September, chaired by Lloyds Banking Group, and will cover the wider Edinburgh region and Fife.

The chair of the Skills & Talent Group will report on the progress of these workstreams at the FiSAB meeting on 19.09.19